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**REPORT
TO
SHAREHOLDERS**

file
**CANAM COPPER
COMPANY, LTD.**

MAY 28, 1964

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CANADA PERMANENT TRUST COMPANY - - Toronto, Ontario

CANADA PERMANENT TRUST COMPANY - - Vancouver, B.C.

THORNE, MULHOLLAND, HOWSON & McPHERSON Toronto, Ontario

SUITE 405, 25 ADELAIDE STREET WEST - - - Toronto, Ontario

CANAM COPPER COMPANY, LTD.

Suite 405, 25 Adelaide Street West

Toronto 1, Ontario

Report of the Directors

To the Shareholders,
CANAM COPPER COMPANY, LTD.

Presented herewith is the financial statement of your Company for the year ended December 31, 1963, with Auditors' Report dated March 16, 1964, and financial statement for the four months' period ended April 30, 1964, with Auditors' Report dated May 7, 1964.

Negotiations have been carried on for the purpose of making satisfactory arrangements to bring the Company's mining property into production. In such negotiations your management has at all times endeavoured to make the best arrangements possible for the Company, keeping in mind its substantial debt position and the interests of all of its shareholders.

The only written proposal received by the Company after negotiations carried on over a period of several months has now been received from Giant Mascot Mines Limited. The creditors of the Company, namely Consolidated Mogul Mines Limited and Lorado Uranium Mines Limited, are in accord with this proposal.

Accordingly, an agreement dated April 17, 1964 was entered into by your Company with Consolidated Mogul Mines Limited, Lorado Uranium Mines Limited and Giant Mascot Mines Limited. This agreement which is subject to ratification by the Company's shareholders is summarized in the Notice of Annual and Special General Meeting of Shareholders which accompanies this Report. A copy of the said agreement is available for inspection at the Company's head office at any time during reasonable business hours.

The Directors of your Company recommend the foregoing agreement and request your support in ratifying same at the forthcoming Annual and Special General Meeting of Shareholders.

Submitted on behalf of the Board of Directors,

S. A. PERRY,
President.

Toronto, Ontario,
May 28, 1964.

CANAM COPPER

Incorporated under

Balance Sheet—

ASSETS

CURRENT ASSETS:

Cash	20,676.28	
Accounts receivable	67.41	
Prepaid expenses	3,122.65	23,866.34

GOVERNMENT OF CANADA BONDS, AT COST, 3%, maturing September 1, 1966, deposited with the government of the Province of British Columbia (market value \$4,827.50)		4,887.50
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SUPPLIES, determined from book records and valued at cost less amount written off		17,286.73
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MINING CLAIMS, at the consideration given therefor consisting of 2,333,333 shares of capital stock		2,100,000.00
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FIXED ASSETS, AT COST:

Buildings, machinery and equipment	470,071.00	
Mine road	26,901.02	496,972.02

DEFERRED CHARGES		2,360,948.31
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\$ 5,003,960.90

COMPANY, LTD.

the laws of Canada

December 31, 1963

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses	37,141.03
LOAN PAYABLE TO A SHAREHOLDER	55,500.00
6% LOAN PAYABLE TO ANOTHER MINING COMPANY	135,000.00
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	227,641.03

SHAREHOLDERS' EQUITY

CAPITAL STOCK:

Authorized, 12,000,000 shares without par value	
Issued, 8,279,973 shares (see note)	4,776,319.87

NOTE:

During the year 400,000 shares of capital stock were issued for cash at 10¢ per share.

At the balance sheet date options are outstanding to an underwriter covering 600,000 shares of capital stock, exercisable as follows:

200,000 shares at 12½¢ per share up to March 23, 1964

200,000 shares at 15¢ per share up to June 23, 1964

200,000 shares at 17½¢ per share up to September 23, 1964.

This is the balance sheet referred to in our report to the shareholders dated May 7, 1964.

Approved on behalf of the Board:

S. A. PERRY, Director.

G. D. PATTISON, Director.

\$ 5,003,960.90

CANAM COPPER COMPANY, LTD.

Auditors' Report

To the Shareholders of

CANAM COPPER COMPANY, LTD.

We have examined the balance sheet of Canam Copper Company, Ltd. as at December 31, 1963 and the statement of deferred charges for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances, except that we did not attend a stock-taking of supplies. We have been unable to form an opinion as to the value of these supplies.

Subject to the foregoing, we report that in our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statement of deferred charges are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1963 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON,

Chartered Accountants.

Toronto, Canada,

March 16, 1964.

CANAM COPPER COMPANY, LTD.

Statement of Deferred Charges

Year ended December 31, 1963

Deferred charges at beginning of year		2,292,529.57
EXPENDITURES DURING YEAR:		
Mine property expenses:		
Diamond drilling	15,100.78	
Engineering and consulting fees and expenses	4,210.65	
Government fees and taxes	1,809.66	
Insurance	5,698.81	
Loss on sale of equipment	1,250.00	
Postage, telephone and telegraph	240.05	
Repairs and maintenance	3,068.11	
Supplies	2,471.49	
Transportation	702.55	
Wages	3,022.71	
Write-down of supplies	17,286.73	
General expenses	416.99	
	55,278.53	
Less Equipment rentals	1,104.22	54,174.31
Administration:		
Administration fee	2,850.00	
Annual report	296.12	
Audit	300.00	
Commission on sale of capital stock	1,000.00	
Directors' fees	300.00	
Government fees and taxes	85.21	
Interest	3,166.41	
Legal	4,690.60	
Stock transfer expense	1,348.22	
General administration	357.87	
	14,394.43	
Less Interest on investments	150.00	14,244.43
DEFERRED CHARGES AT END OF YEAR		<u>\$ 2,360,948.31</u>

CANAM COPPER

Incorporated under the laws of the Province of British Columbia

Balance Sheet-

ASSETS

CURRENT ASSETS:

Cash	2,149.29	
Prepaid expenses	1,443.96	3,593.25

GOVERNMENT OF CANADA BONDS, AT COST, 3%, maturing September 1, 1966, deposited with the government of the Province of British Columbia (market value \$4,825.00)		4,887.50
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SUPPLIES, at proposed selling price (note 1)		8,000.00
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MINING CLAIMS, at the consideration given therefor consisting of 2,333,333 shares of capital stock (note 1)		2,100,000.00
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FIXED ASSETS, AT COST (note 1):

Buildings, machinery and equipment	470,071.00	
Mine road	26,901.02	496,972.02

DEFERRED CHARGES (note 1)		2,384,142.50
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\$ 4,997,595.27

The accompanying notes are

COMPANY, LTD.

the laws of Canada

April 30, 1964

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses	3,505.40
LOAN PAYABLE TO A SHAREHOLDER	77,370.00
6% LOAN PAYABLE TO ANOTHER MINING COMPANY	140,400.00
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	221,275.40

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 2):

Authorized, 12,000,000 shares without par value	
Issued, 8,279,973 shares	4,776,319.87

This is the balance sheet referred to in our report to the shareholders dated May 7, 1964.

Approved on behalf of the Board:

S. A. PERRY, Director.

G. D. PATTISON, Director.

\$ 4,997,595.27

integral part of this statement.

CANAM COPPER COMPANY, LTD.

Auditors' Report

To the Shareholders of

CANAM COPPER COMPANY, LTD.

We have examined the balance sheet of Canam Copper Company, Ltd. as at April 30, 1964 and the statement of deferred charges for the four months ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statement of deferred charges are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at April 30, 1964 and the results of its operations for the period ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON,

Chartered Accountants.

Toronto, Canada,

May 7, 1964.

CANAM COPPER COMPANY, LTD.

Notes to Financial Statement

Four months ended April 30, 1964

1. OPTION GRANTED TO ANOTHER MINING COMPANY:

By agreement dated April 17, 1964 and subject to the approval of the shareholders of Canam, Giant Mascot Mines Limited has agreed to expend on the company's mining properties near Hope, British Columbia, not less than \$100,000.00 before December 31, 1964, including \$8,000.00 representing the purchase price of Canam's supplies, and at its option to expend a further \$125,000.00 before December 31, 1965.

At any time prior to April 30, 1966 Giant Mascot may elect to place the properties into commercial production and furnish the monies to do so without being required to complete the expenditures set out above.

Should such election be made Giant Mascot is to incorporate an operating company to acquire Canam's mining properties, buildings, equipment and preproduction expenditures. In consideration therefor Canam is to receive between 35% and 40% of the issued common shares of the operating company, depending on the amount of Canam's loan indebtedness outstanding at the date of election. The creditors of Canam have agreed to accept 2,000,000 shares of Canam's capital stock in full settlement of the indebtedness, subject to the approval of the Vancouver Stock Exchange, or, if such approval is not received, to accept 6% income debentures of the operating company, guaranteed by Giant Mascot. Giant Mascot is to receive the balance of the issued common shares of the operating company and in addition is to receive one 6% cumulative redeemable preferred share of \$1.00 par value for each 96¢ of expenditure made by it subsequent to the date of election.

2. OPTIONS ON CAPITAL STOCK:

At the balance sheet date options are outstanding to an underwriter covering 600,000 shares of capital stock exercisable as follows:

200,000 shares at 12½¢ per share up to May 22, 1964
200,000 shares at 15¢ per share up to August 22, 1964
200,000 shares at 17½¢ per share up to November 22, 1964.

CANAM COPPER COMPANY, LTD.

Statement of Deferred Charges

Four months ended April 30, 1964

Deferred charges at beginning of period		2,360,948.31
EXPENDITURES DURING PERIOD:		
Mine property expenses:		
Assays	121.50	
Engineering and consulting fees	800.00	
Government fees and taxes	266.00	
Insurance	1,778.00	
Postage, telephone and telegraph	49.55	
Supplies	(70.84)	
Transportation	224.35	
Workmen's compensation	105.60	
Write-down of supplies	9,286.73	
General expenses	36.00	12,596.89
Administration:		
Administration fee	800.00	
Audit	325.00	
Government fees and taxes	57.00	
Interest	5,400.00	
Legal	3,247.69	
Listing	50.00	
Stock transfer expense	147.37	
Travel	548.55	
General administration	71.69	
	10,647.30	
Less Interest on investments	50.00	10,597.30
DEFERRED CHARGES AT END OF PERIOD		<u>\$ 2,384,142.50</u>